

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0856-01
Bill No.: HB 415
Subject: Motor Vehicle; Motor Vehicles; Revenue Department
Type: Original
Date: February 11, 2013

Bill Summary: This proposal raises the weight restriction for special license plates to twenty-four thousand pounds.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Corrections, Department of Insurance, Financial Institutions and Professional Registration and Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** state the following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY '14.
- The Application for Missouri Personalized and Special license Plates (DOR-1716) and (DOR - 4601) will need to be revised to include the availability of 24,000 lb. local and beyond local plates. This will require 40 hours of overtime for two Management Analyst Specialists I, at a cost of \$2,412 in FY '14.

ASSUMPTION (continued)

- DOR's website will need to be updated to include the availability of 24,000 lb. local and beyond local plates. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY '14.
- DOR would incur 40 overtime hours for a Revenue Processing Tech II to set up the 24,000 lb. specialty plate option for all specialty and personalized plates within MVB systems and testing at a cost of \$840 in FY '14.

In summary, DOR-MVB assumes a cost of \$4,783 (\$1,206 + \$2,412 + \$325 + 840) in FY 2014 to provide for the implementation of the changes in this proposal.

Oversight assumes at least some of these expenses could be absorbed by DOR.

In FY 2012 there were 100,022 commercial motor vehicles registered at 18,000 lbs gross weight with 0.974% (974) of those being personalized or special personalized license plates. In FY 2012 there were 57,658 commercial motor vehicles registered at 24,000 lbs gross weight.

The Department is assuming the same percentage (0.974%) of applicants will want personalized or special personalized license plates at 24,000 lbs. This will result in 561 personalized and special 24,000 lb license plates being issued by the Department.

Set-up cost:

The Department will be charged \$45 for the initial set-up of a 24,000 lb category for 214 plate types at a total cost of \$9,630. This is a one-time fee that will be charged upon passage of this proposal in FY '14.

Plate manufacturing cost:

The Department pays \$3.50 per plate for manufacturing flat plates through Missouri Vocational Enterprises. Currently, 24,000 lb. plates are only issued one plate pursuant to Section 301.130, RSMo. Assuming 561 applicants would apply for 24,000 lb personalized and/or special personalized license plates, this would cost the Department \$1,636 (10 Months) in FY '14, \$2,013 in FY '15, and \$2,063 in FY '16.

ASSUMPTION (continued)

Mailings:

It currently costs the Department, on average, \$5.55 to ship a box of 10 plates to contract offices once they have completed the manufacturing process through MVE.

- DOR assumes the 561 applicants would apply for 24,000 lb. personalized and/or special personalized plates, would cost \$259 in FY '14 (10 Months), \$319 in FY '15, and \$327 in FY '16 to ship 561 plates to license offices in various regions across the state.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

- With 561 applicants, it would cost \$243 in FY '14 (10 Months), \$299 in FY '15, and \$306 in FY '16 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.45).

In summary, DOR assumes a cost to the General Revenue Fund of \$11,768 in FY 2014, \$2,631 in FY 2015 and \$2,696 in FY 2016 to provide for, plate set-up, plate manufacturing and mailings in this proposal.

Officials from the **Department of Revenue (DOR) - OA-ITSD** state the department would need to configure 214 specialty plate types to allow the user to select a 24,000 lbs version of each plate and change validation edits to allow the user to enter 24,000 lbs which would require the following:

- Titling and Registration Intranet Processing System - 320 hours
- Department Personalized Plate System - 80 hours:

The value of the level of effort is calculated on 400 FTE hours estimated with a level of effort valued at \$10,820.

ASSUMPTION (continued)

Revenue Impact

Previous fiscal note responses regarding new specialty personalized license plates indicated the revenue generated from the \$15 specialty personalized plate fee would be distributed to the highways, cities and counties. However, because specialty personalized plate fees are not incident to the right to use the highways of this state, DOR assumes these fees are more properly distributed to the General Revenue Fund.

- Assuming 561 applicants would apply for 24,000 lb personalized and/or special personalized plates there would be an increase in revenue of \$7,013 in FY '14 (10 Months), and \$8,415 in FY '15 & FY '16 to the General Revenue from the \$15 specialty plate fee.

Not all specialty plates require the \$15 fee, therefore the revenue generated may decrease depending on the type and amount of specific plate type being applied for.

Since it is unknown how many applications will be received for these plates, **Oversight** will estimate an increase in revenue of “Less than \$100,000”. Oversight will also estimate a cost to the General Revenue and the Highway Fund of “(Less than \$100,000)”. For fiscal years 2015 and 2016, Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive “Less than \$100,000” estimated net effect to the General Revenue Fund. For FY 2014, Oversight assumes the start-up costs incurred by DOR might exceed the specialty plate fee revenue if the response to the proposal is less than expected. Therefore, Oversight will range the fiscal impact in FY 2014 from a net cost of under \$100,000 to a net gain of under \$100,000.

Officials from the **Department of Public Safety** did not respond to our request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Revenue</u> - DOR	Less than	Less than	Less than
Specialty plate fees	\$100,000	\$100,000	\$100,000
<u>Cost</u> - DOR	(Less than	(Less than	(Less than
Processing costs for specialty plates	\$100,000)	\$100,000)	\$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000
HIGHWAY FUND			
<u>Cost</u> - DOR	(Less than	(Less than	(Less than
Manufacturing Cost	\$100,000)	\$100,000)	\$100,000)
ESTIMATED NET EFFECT ON HIGHWAY FUND	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, the owner of a motor vehicle other than an apportioned motor vehicle or commercial motor vehicle licensed in excess of 18,000 pounds may apply for a special personalized license plate. This proposal allows the owner of a motor vehicle other than an apportioned motor vehicle or commercial motor vehicle licensed in excess of 24,000 pounds to apply for a special personalized license plate.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

KC:LR:OD

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Department of Corrections
Department of Insurance, Financial Institutions and Professional Registration

Not Responding:

Department of Public Safety



Ross Strobe
Acting Director
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